

DEPARTMENT OF THE ARMY
SAVANNAH DISTRICT CORPS OF ENGINEERS
CESAS-PD-S P.O. BOX 889
SAVANNAH, GEORGIA 31402-0889

DISTRICT REGULATION
NO. 1105-2-1

1 December 1989

Repayment Contracts
REPAYMENT OF COST-SHARED CONSTRUCTION EXPENDITURES
FOR RECREATION FACILITIES AT RICHARD B. RUSSELL LAKE

1. Purpose. To establish procedures and assign responsibilities to District elements involved in the repayment of cost-shared construction expenditures for recreation projects at Richard B. Russell Lake.
2. Applicability. This regulation applies to all District elements involved in the repayment of cost-shared expenditures for recreation facilities at Richard B. Russell Lake.
3. Reference.
 - a. Contract between the United States of America and the South Carolina Department of Parks, Recreation and Tourism for Recreation Development at the Trotter Shoals Lake Project, South Carolina and Georgia, 6 November 1972.
 - b. Contract between the United States of America and the Georgia Department of Natural Resources for Recreation Development at the Trotter Shoals Lake Project, South Carolina and Georgia, 6 October 1972.
 - c. Memorandum for Commander, South Atlantic Division from Director of Civil Works, dated 20 April 1988, subject: Richard B. Russell Recreation Cost Sharing Contract with the State of South Carolina.
 - d. Internal Review Report Number CESAS-IRR-04, 13 October 1988, subject : Review of Cost Shared Agreement Between the Government and the States of Georgia and South Carolina for the Development of Recreational Areas at Richard B. Russell.

1 Dec 89

4. Background. The following paragraphs summarize the basic provisions of the referenced contracts, memorandum, and review report.

a. Contracts. The contracts outline the intentions of the Federal Government and the States in regard to the development of the South Carolina and Georgia portions of the recreation facilities at Richard B. Russell Lake. Most relevant to this regulation is Article 3 of the referenced contracts. Article 3 addresses the cost sharing and repayment obligations of the States.

b. Memorandum. The referenced memorandum from the Director of Civil Works allows a State to receive a credit for the Federal share of the costs accrued in the construction of approved recreation facilities. The cost are credited toward the States repayment obligations at the project.

c. Report. The referenced Internal Review report identifies shortfalls in the Ad Hoc procedure used to calculate annual payments, approve credits, and bill the State.

5. Definitions.

a. Cost-Shared. The sharing of construction costs between the Federal Government and a State or local sponsor.

b. Amortization. Extinguishing debt through the use of installment payments.

c. Capital Cost. The initial cost of a project which includes land acquisition, construction and planning costs.

d. Interest During Construction (IDC). The interest charged to expenditures on a project under construction. IDC reflects the opportunity cost of the funds while a project is in the construction phase. The contracts call for IDC to be paid in a lump sum when the project is complete.

e. Point of Contact. That employee designated by the Responsible Employee for the coordination with other District elements included in the billing process.

f. Responsible Employee. That employee, not below Section Chief, who is responsible for reviewing the final billing calculation for accuracy.

g. State Sponsor. In Georgia, the State Sponsor is the Department of Natural Resources. South Carolina's State Sponsor is the Department of Parks, Recreation and Tourism.

h. Phase I. Cost-shared recreation facilities completed as of FY 1984.

I. Phase II. Cost-shared recreation facilities that were completed in 1985.

6. Responsibilities.

a. Planning Division

(1) PD-EC is the District Point of Contact with the States and coordinates with other District elements. PD-EC collects credit requests from the States and reviews them for supporting documentation. The supporting documentation may be in the form of, but not limited to, time sheets, invoices and/or copied of disbursements. If adequate documentation is not initially available, PD-EC will contact the appropriate State agency and request additional documentation. PD-EC also coordinates billing for Interest During Construction (IDC) and any revision to the amortization schedule.

(a) These supporting documents are assembled into one package and submitted to Contracting (CT-C) in May of each year.

(b) CT-C has the credits audited and returns an audited credit to PD-EC.

(c) PD-EC provides the audited credit to PD-S. PD-S calculates the payment amount and prepares a memorandum for PD-EC which includes appropriate supporting documentation.

(d) PD-EC forwards copies of the memorandum to RM-FAA for billing purposes. PD-EC provides the same memorandum to RE-MC for record keeping purposes.

(e) Upon completion of Phase II of the project, PD-EC will send a memorandum to PD-S requesting that PD-S calculate the IDC and amortization schedule for billing purposes. PD-S will return a memorandum to PD-EC which will include the IDC and amortization schedule with supporting documentation.

(f) PD-EC will forward the memorandum to RM-FAA for billing purposes and to RE-MC for record keeping purposes.

(g) The Chief of PD-E is the Responsible Employee who reviews the IDC an annual payment amount before it is sent to RM-FAA.

DR 1105-2-1
1 Dec 89

(h) Upon receiving the payment, RM-FD sends a memorandum to PD-EC informing that element of the payment amount. PD-EC forwards a copy of this memorandum to PD-S.

(2) PD-S. PD-S calculates any adjustments to the repayment schedule, amortized repayment schedules, and the IDC.

(a) The States are currently repaying the capital cost of Phase I construction. PD-S calculated an amortization schedule for the repayment of the capital cost of Phase I based on the contract interest rate of 4.375 percent.

(b) When PD-EC provides an audited credit to PD-S in May of each year, PD-S will subtract the credit from the amortized payment. PD-S will provide a memorandum to PD-EC outlining the calculation procedure. The procedure used to calculate the credited payment is specified in Appendix A.

(c) Should a State make a payment in excess of the amortized payment, PD-S will subtract the amount of overpayment from the outstanding principal and recalculate the length of the amortization scheduled, leaving the annual payment amount unchanged. Leaving the annual payment unchanged will help simplify the States budgeting process. The procedure used to recalculate the amortization schedule is specified in Appendix B.

(d) When the second phase of the recreation improvements are completed PD-EC will provide PD-S with the annual expenditures incurred during Phase II construction.

(e) IDC and the amortization schedule will be calculated using an interest rate of 4.375 percent as specified in the contracts. The procedure used to calculate IDC is specified in Appendix C.

(f) PD-S will provide PD-EC with IDC and an amortization schedule along with supporting documentation in memorandum format. The procedure used to calculate a new amortization schedule is specified in Appendix B, part 3b.

b. Engineering Division.

EN-B will provide PD-EC all of the construction costs incurred in Phase II of the recreation amenities. The costs will be broken down by State on an annual basis.

c. Resource Management Office. Resource Management is the district element that supervises the billing and collection of the annual payments.

(1) RM-FAA. RM-FAA sends the State the annual bill for the project repayment. PD-EC is responsible for providing RM-FAA with the appropriate amount to bill the State.

(2) RM-FD. RM-FD receives the annual payments from the States, deposit them into the Civil Account, and sends a memo to PD-EC informing them of the amount received.

d. Administrative Support and Contracting Division.

(1) CT-C an audit of the various credits requested by the State.

(a) In October of each year CT-C releases a memo requesting that each District element outline auditing needs for the current FY. PD-EC responds tot his request by scheduling the annual May audit.

(2) CT-C tracks all requests for audits through receipt, resolution, and disposition.

(a) In May CT-C notifies PD-EC to forward the assembled audit package in preparation for the June billing.

(b) When the audit is complete, CT-C provides PD-EC with an audit report that includes the amount to be credited to each States annual payment.

DR 1105-2-1

1 Dec 89

e. Real Estate Division.

The States recreation repayment contracts are held by Real Estate Division. For this reason, PD-EC provides a copy of any credits or revised amortization schedules to RE-MC. When the construction of the project is complete, all of the supporting roles that PD-EC performs as described in the District Regulation will be delegated to RE-MC. In addition, at that time, this District Regulation will be reviewed and modified as necessary.

RALPH V. LOCURCIO
Colonel, Corps of Engineers
Commanding

Distribution C
CESAS-IM-CL (1)
CESAS-IM-SM (5)
CESAS-PD (10)
CESAS-CT (1)
CESAS-RE (1)
CESAS-EN (1)

APPENDIX A
PROCEDURES FOR CALCULATING THE STATES MONTHLY PAYMENT TO
REFLECT A CREDIT.

ACTION OFFICE

PROCEDURES

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| 1. PD-EC | Obtaining the audited credit from AO-KS.

Prepares a memorandum requesting that PD-S revise the States annual payment to reflect the credit. |
| 2. PD-S | Subtracts the credit from the annual payment.

Prepares a memorandum summarizing the credited payment and supporting documentation. The memorandum is forwarded to PD-EC. |

APPENDIX B
PROCEDURES FOR RECALCULATING THE STATES AMORTIZATION
SCHEDULE TO REFLECT AN OVERPAYMENT OR CALCULATING A NEW
AMORTIZATION SCHEDULE.

<u>ACTION OFFICE</u>	<u>PROCEDURES</u>
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|----------|---|
| 1. RM-FD | Sends a memo to PD-EC specifying the amount of the payment received. |
| 2. PD-EC | Forwards memo to PD-S. |
| 3. PD-S | If the amount received is greater than the amount billed, recalculates the amortization schedule. |

The amortization schedule is calculated using a standard program on LOTUS 1-2-3 software. A new schedule will not extend through 2038.

The amortization schedule is revised, using the same payment and interest rate as the original schedule.

APPENDIX C
PROCEDURES FOR CALCULATING THE STATES INTEREST DURING
CONSTRUCTION.

ACTION OFFICE

PROCEDURES

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| 1. EN-B | Provides memorandum to PD-EC with annual expenditures for Phase II construction. |
| 2. PD-EC | Forwards the Phase II construction cost figures to PD-S. |
| 3. PD-S | PD-S calculates the IDC using a standard program written in BASIC. The interest is calculated on a mid-year basis. |
| 4. PD-EC | Forwards the memorandum to RM-FAA for billing purposes. |